

Issuer: Second Chance Properties Ltd

Security: Second Chance Properties Ltd

Meeting details:

Date: 27 December 2017

Time: 11.00 a.m.

Venue: The Orange Ballroom, 845 Geylang Road #03-16 Tanjong Katong Complex, Singapore 400845

Company Description

Second Chance Properties Ltd, an investment holding company, engages in the retail of ready-made garments in Singapore and Malaysia. It is also involved in the retail of gold and jewelry; investing in equities; trading of bonds and equity securities; and leasing of retail spaces and office buildings. The company was founded in 1975 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=528)

Q1. As disclosed on page 17 of the annual report (Property portfolio & Tenants' operations review), the group's portfolio of commercial and office properties with a net lettable area of 41,742 square feet is valued at \$201.78 million. In particular, the group owns 20 freehold units in City Plaza valued at \$39.1 million and another 12 leasehold units in Sim Lim Square valued at \$22.6 million (pages 86 & 87).

In August 2017, the company clarified through an SGX announcement titled "Clarification of media articles" dated 15 August 2017 that there has been no requisition for the appointment of a collective sale committee for City Plaza as at the date of the announcement. In October 2017, the company was reported in the media that it is supportive of the collective sale efforts of both City Plaza and Sim Lim Square.

- a) Could the company provide shareholders with an update on the efforts by management to maximise the value of the group's investment portfolio, in particular the units at City Plaza and Sim Lim Square?**

In addition, with 27 leases due for renewal in 2018, can management help shareholders understand the group's pro-active efforts to retain its tenants or to lease out its properties in order to maintain/increase the rental income of the portfolio?

Q2. As noted in the Founder and CEO Statement (page 2), one of the group's core businesses of apparel retailing "*continues to face headwinds, from the rising competition of the e-commerce space, rising costs, and lower sales against the backdrop of a weak economy*".

Based on the Financial Review (page 12), revenue from apparel dropped by 30% to \$7.6 million and the losses increased by 145% to \$(1.86) million in 2017.

- a) Following the closure of thirteen shops in Malaysia, has the group completed the streamlining of its retail operations?**
- b) Given the continued and increasing losses from the apparel business, has the board considered a review of the business model given the competition from e-commerce and the changes in consumer behaviour? Would it be timely for the board to carry out a strategic review of the apparel retail business?**

Q3. On 23 January 2017, the company issued 752,268,852 new warrants with each warrant carrying the right to subscribe for one new share at an exercise price of \$0.25. These warrants can be exercised with effect from 23 July 2017 and will expire on 23 January 2020. The book closure date for the warrants was 17 January 2017.

As at 13 January 2017, the total (direct and deemed) interest of Mr. Mohamed Salleh was 66.08%, based on the company's announcement dated 16 January 2017. As at 17 November 2017, based on the Statistics of Shareholdings (page 108 & 109), Mr Mohamed Salleh has direct and deemed interest of 443,806,934 and 63,187,785 shares respectively.

Based on the Statistics of Warranholders, Mr. Mohamed Salleh and his spouse are not in the list of the Thirty largest warranholders (page 110).

In the Corporate Governance Report, under the section "Dealing in securities" (page 48), it was disclosed that the company has "*adopted an internal code on dealings in securities, which has been issued to all Directors and Employees... Directors are required to report securities dealings to the Company Secretary who will aid in making the requisite announcements.*"

- a) Can the board clarify if the dealings in the company's warrants would fall under its internal code on dealing in the company's securities?**

- b) To further raise the level of corporate governance, would the board consider having directors report his/her dealings in the company's warrants and announce any such sale/purchase of the company's warrants on the SGXNet?

A copy of the questions for the Annual Report for the financial year ended 31 August 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Second%20Chance%20Properties%20Ltd>

The company's response could be found here:

https://sias.org.sg/media/qareport/company_responce/1483066974_SCPL_ResponseToSIASQueries_28Dec2016.pdf